

**SABINA CORPORATION LIMITED  
ABN 67 010 723 181  
AND CONTROLLED ENTITIES**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2005**

**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**  
**AND CONTROLLED ENTITIES**

**COMPANY PARTICULARS**

Directors:	Mr PB Chen	Executive Chairman
	39 Woody Views Way	
	ROBINA QLD 4226	
	Mr NJ Lockyer	Non-Executive Director
	15 Monarch Avenue	
	UPPER COOMERA QLD 4209	
	Mr S Wong	Non-Executive Director
	29 Kentucky Street	
	SUNNYBANK HILLS QLD 4109	
Company Secretary:	Mr PB Chen	
	39 Woody Views Way	
	ROBINA QLD 4226	
Solicitors:	McCullough Robertson	
	Level 12	
	Central Plaza II	
	66 Eagle Street	
	BRISBANE QLD 4000	
Registered Office:	Level 18, 300 Adelaide St	
	BRISBANE QLD 4000	
Share Registry:	Computershare Registry Services	
	Level 27	
	Central Plaza I	
	345 Queen Street	
	BRISBANE QLD 4000	
Auditors:	Whitehills Business Advisers and Chartered Accountants	
	Level 18, 300 Adelaide Street	
	BRISBANE QLD 4000	
Bankers:	ANZ Banking Group Limited	
	113 Boundary Street	
	WEST END QLD 4101	

**SABINA CORPORATION LIMITED**  
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**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**  
**AND CONTROLLED ENTITIES**

**CHAIRMAN'S REPORT**

**FINANCIAL RESULTS**

The operating loss for the financial year ended 30<sup>th</sup> June 2005 totalled \$231,660 (2004 loss \$80,854). The result was in keeping with Directors' expectation and relates wholly to administration overhead expenses.

In keeping with the new policy decision adopted by the Board in 2004, Sabina no longer takes a 100% ownership of a project and has confined its development activities to holdings in various unit trusts managed by the corporate trustee, Tasmania Development Corporation Pty Ltd. Under the arrangement made with the principal unit holder, Churchill Nominees Australia Pty Ltd, Sabina shall be given the first right of refusal to take up a 40% interest in any new property venture promoted by Churchill. Sabina also provides all corporate and project management services through its consulting division, G8 Consultants, for a maximum fee of 5% of the project development costs. This new policy allows Sabina to have an active interest through its project management services but limits its financial liabilities and funding requirements.

As at 30<sup>th</sup> June 2005, Sabina held a 40% interest in the following property trusts:

- ***Uni Village Unit Trust***

An 8-acre site; located at the front entrance to the Launceston Campus of the Tasmania University. The proposed project is about \$25 million, which includes a cluster of 2 storey 15 x village cottages (residential & retail) and 84 x 2 B/R residential apartments. Development Approval has been granted by Council and is now waiting for Rezoning approval from RPDC in Hobart.

- ***Ming Village Unit Trust***

The total area of this property is about 604 ha. and is located near Scottsdale; about 45 minutes from Launceston. A Forest Lease previously reported as granted by Forestry Tasmania has been reprocessed as the land area included a portion which does not come under the control of Forestry Tasmania. Proposed project value for this eco tourism development is about \$25 million; this includes a small Chinese-themed village comprising 4 farm houses, Chinese market garden, restaurant, and tourist shops. Other resort facilities include caravan park, boot camp, martial arts centre, deer farm, lakeside log cabins, rural residential allotments, golf course, and nature walkways.

- ***Huonville Unit Trust***

This is an 80-acre property situated adjacent to the township at Huonville; about 45 minutes from Hobart. It is proposed that the land would be subdivided into a "Lifestyle Village" comprising about 150 residential allotments and a village square in the centre. Project value is around \$15 million.

- ***Legana Unit Trust***

This strategically located 20-acre site is ideally suited for development as a local business park incorporating a service station, several fast food outlets, restaurants, offices, retail shops, and a medical & wellness centre. Project value is around \$6.5 million.

**SABINA CORPORATION LIMITED**  
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**CHAIRMAN'S REPORT**

**REVIEW OF EVENTS DURING THE YEAR**

Summarized below are the main events that took place during the year under review:

- The last AGM was held on Friday 22<sup>nd</sup> October 2004 and all resolutions recommended by the Directors were approved.
- Mr. Philip Little, who turned 70 in February 2005 retired, and was replaced as a director by Mr. Stephen Wong on 22 October 2004.
- On 19<sup>th</sup> November 2004, Sabina announced the signing of an MOU with Chilliwack Economic Partners Corporation (CEPCO) and the University College of Fraser Valley (UCFV) for the development of a 25-acre site in UCFV's new Campus at the Canada Education Park, Chilliwack; about 45 minutes from Vancouver.
- On 16<sup>th</sup> December 2004, Sabina announced the signing of an MOU with George Town Council in Northern Tasmania. Under the terms of the MOU, Sabina shall conduct investigations to examine the possibility of developing the York Cove Area and Council-owned land at Windmill Point.
- On 16<sup>th</sup> December 2004, Sabina also advised ASX that it's principal shareholder, Churchill Nominees Australia Pty Ltd, has exercised 1,000,000 of the 4,000,000 options that it held at 25 cents; lifting the total number of shares issued to 14,112,578.
- On 6<sup>th</sup> May 2005, the Directors issued an announcement on Corporate Governance Statement.
- On 16<sup>th</sup> May 2005, Sabina issued a Market Release as requested by ASIC on Accounting Standard 1047 and disclosing the impacts of adopting Australian Equivalents to International Financial Reporting Standards.
- On 15<sup>th</sup> March 2005, Sabina signed an MOU with Huon Valley Council to see what could be done by way of tourist accommodation in the Huon Valley region.
- On 6<sup>th</sup> May 2005, Sabina signed an MOU with West Tamar Council to see how Sabina could assist West Tamar Council with the development of a new medical & wellness centre and to attract additional medical practitioners to the area.
- YS Developments Pty Ltd, a company related to a Director, Mr. Stephen Wong, subscribed through a private placement of 200,000 Sabina shares at 25 cents. This increased the total number of shares issued to 14,312,578.
- On 13<sup>th</sup> June 2005, Sabina announced that Tasmania Development Corporation Pty Ltd has restructured its board members so as to give it full independence. Both Mr. Eric Lahra and Mr. Peter Chen resigned as directors and were replaced by two CPAs, Mr. John Garforth and Mr. Vincent Chow.

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**CHAIRMAN'S REPORT (continued)**

**REVIEW OF EVENTS DURING THE YEAR (Continued)**

- On 18<sup>th</sup> June 2005, Sabina has signed an alliance agreement with the Samtay Group (controlled by Mr. Cameron Davis) with the intention of Sabina taking an interest in Samtay's land subdivision in Terranora. The deal was subject to due diligence.
- The Board on 29<sup>th</sup> July 2005 resolved to terminate the Samtay deal in view of recent government changes taking place with the Administration of Tweed Shire Council. Land such as Terranora is now under stringent review and any development application is likely to be bogged down with a lot of red tape and government scrutiny.
- Sabina also announced that it has established a working relationship between Sabina's G8 Consultants with Global Marketing Group Limited (GMG) based in New York. The partnership arrangement to be known as "GMG China" will focus its combined expertise in providing marketing and network introductions to foreign investors who are interested in making major investments in real estate in China.
- The Directors of Tasmania Development Corporation Pty Ltd have approved an interim asset revaluation of two of the property trusts; resulting in the issue of bonus units to existing unit holders. Sabina received a total of 1,200,000 worth of bonus units for the period ended 30<sup>th</sup> June 2005. The value of these units are estimated by the directors at \$800,000 and as yet have not been reflected in Sabina's financial statements for the year ended 30 June 2005.

**THE FUTURE**

The Directors are pleased that the strategy to diversify into Tasmania via the various property trusts will result in an expected future increase of \$800,000 in Sabina's net asset value in 2006. The increase in value of property trusts is conditional upon various rezoning approvals being obtained. The future looks very promising and profits from the projects in Tasmania should start to materialize in the second half of next year. Discussions are also being held to explore joint venture possibilities so as to bring forward the completion schedule of some of the developments.

**CORPORATE GOVERNANCE STATEMENT**

The Board has adopted a Corporate Governance Statement that outlines the main practices (see details on pages 4 to 7 of this report) that were in place throughout the year ended 30<sup>th</sup> June 2005. Work on the Sabina website has been delayed and is now expected to be commissioned by the end of 2005.

P B Chen  
Chairman

Date: 25<sup>th</sup> August 2005

**SABINA CORPORATION LIMITED**  
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**CORPORATE GOVERNANCE STATEMENT**

**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2005**

**Corporate Governance Statement**

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30<sup>th</sup> June 2005.

The Directors are responsible for the corporate governance practices of the Company. This Statement sets out the corporate governance practices that were in operation throughout the financial year; except where otherwise stated. The Board promotes a culture of accountability, integrity and transparency.

**Board Composition**

The skills, experience, and expertise relevant to the position of each Director who is in office at the date of the Annual Report and their term of office are detailed in the Directors' Report. The names of the independent Directors of the Company are:

- |   |                 |   |                        |
|---|-----------------|---|------------------------|
| * | Mr. N J Lockyer | - | Non-Executive Director |
| * | Mr. S Wong      | - | Non-Executive Director |

Only Mr Peter Chen, the executive director and CEO is involved in the day to day management and control of the Company.

When determining whether a non-executive director is independent, the directors must not fail any of the following materiality thresholds:

- Less than 10% of Company shares are held by the director or director related entity.
- No sales are made to or purchases made from any entity directly or indirectly associated with the director.
- None of the directors income or the income of a directly or indirectly associated entity is derived from a contract with any member of Sabina Corporation Limited other than income derived as a director of the entity.

The non-executive directors have the right to seek independent professional advice in the conduct of their duties as directors at the Company's expense. However, prior approval of the Chairman is required, which would not be unreasonably withheld. The terms and conditions of appointment and retirement of directors are set out in a letter of appointment. A sample of the letter has been released to the ASX and will also be displayed in the future on the Company's website when constructed.

Full details of the directors' attendance at meetings are shown in the Directors' Report.

**SABINA CORPORATION LIMITED**  
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**CORPORATE GOVERNANCE STATEMENT**

**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2005**

**TRADING POLICY**

The Company's policy on trading in its securities restricts directors and employees from acting on material information until it has been released to the market and adequate time has been for this to be reflected in the security's price.

In accordance with good practice, the Company has adopted a policy whereby a director or an employee should also not purchase, sell, transfer, or otherwise deal with the securities of the Company five (5) working days before or after any market release made to the ASX in respect to the Company's annual report, half-yearly financial report, and the results of the annual general meeting.

**AUDIT COMMITTEE**

The Board has not established a separate Audit Committee due to the small size of the Company and the fact that all accounting data input is carried out by an outside Certified Public Accountant. The Board takes an active role in liaising with the external auditors and ensuring that the annual audit and half year review are carried out on time. The Board reviews the performance of the external auditors on an annual basis.

**PERFORMANCE EVALUATION**

The Chairman reviews the performance of all directors annually. Directors whose performance is unsatisfactory are asked to retire or not to stand for re-election.

**REMUNERATION POLICY**

Details of amounts paid to the directors during the year are detailed in Note 6 to the Accounts. All amounts paid to the directors were approved by shareholders. Apart from the Executive Chairman & CEO, there is no other employee as all of the required services are outsourced through consultants. The directors, other than the Executive Chairman, are subject to rotation in accordance with the Constitution of the Company.

Due to the size of the Company, the Remuneration Committee consists of all directors. The Executive Chairman receives a director's fees and a management fee is also paid to a director related entity, G8 Management Pty Ltd, of a fixed fee sum under a 5-year Consultancy Agreement (expiring 30<sup>th</sup> June 2005) that has been previously approved by the shareholders.

**BUSINESS RISK MANAGEMENT**

The Board will appoint consultants to make up an "Advisory Panel" to assist the Board to assess and review various risks associated with property acquisition and project development approval. To further minimise the risk, the Board has also adopted a policy that any property purchased for development purpose is made subject to development approval by the local authority on terms and conditions solely satisfactory to the Company.

*	Mr. G F Ellwood	-	Architect
*	Mr. R D Tilby	-	Quantity Surveyor
*	Dr. R J Paech	-	Educationist

Other areas of risk relate to adequate coverage for asset insurance, building contract performance, and the adoption of mediation process in preference to litigation.

**SABINA CORPORATION LIMITED**  
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**CORPORATE GOVERNANCE STATEMENT**

**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2005**

**ETHICAL STANDARDS**

The Board subscribes to the Statement of Ethical Standards as published by the Australian Institute of Company Directors. All directors, associate directors, and employees of the Company are expected to act with the utmost integrity, honesty, and a high standard of performance to enhance the Company's reputation.

**EXPLANATION FOR DEPARTURE FROM BEST PRACTICE RECOMMENDATIONS**

The Board has adopted corporate governance practices that are commensurate with the size and scope of the Company and its activities. The Company has therefore adopted policies, procedures and structures which have been designed with the best interests of the Company and its shareholders in mind, and which are practical and efficient to implement, notwithstanding that these are not in all instances consistent with the specific recommendations of the ASX Corporate Governance Council. To the extent that the Company's practises did not conform to the ASX Principles and Recommendations during the reporting period, and explanation for departure from the respective Principles and Recommendations is provided below:

<b>No.</b>	<b>Departure from Recommendation</b>	<b>Explanation for Departure</b>
2.2	The Chairman is not an independent Director.	Given the size and scope of the Company's operations and the financial position of the Company, the Board considers that there is no real benefit to be gained by appointing an independent chairman, when in fact by his vested interest as a substantial shareholder he is the driving force in the success of the Company.
2.3	The roles of the Chairman and the Chief Executive Officer should not be the same person.	Given the size and scope of the Company's operations the Board considers that there is no real benefit to be gained by appointing a Chief Executive Officer in addition to the Chairman.
2.4	A separate Nomination Committee has not been formed.	The role of the Nomination Committee is carried out by the full Board. The Board considers that given its size, no efficiencies or other benefits would be gained by establishing a separate Nomination Committee.
4.1	The Chairman and the Chief Financial Officer to state in writing to the Board that the company's financial reports presents a true and fair view, in all material respects, of the Company's financial condition and operational results.	The role of Chief Financial Officer is performed by an external accountant, and the Statement is counter-signed by the Chairman for inclusion in the Financial Report for the year signed by two Directors. The Board considers that the procedure meets the requirement adequately in the current circumstances.

**SABINA CORPORATION LIMITED**  
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**CORPORATE GOVERNANCE STATEMENT**

**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2005**

**EXPLANATION FOR DEPARTURE FROM BEST PRACTICE RECOMMENDATIONS (continued)**

<b>No.</b>	<b>Departure from Recommendation</b>	<b>Explanation for Departure</b>
4.2	No formal Audit Committee has been established.	Given the fact that all the accounting input data is carried out by an outside independent Certified Public Accountant and the small size of the Company's current activities, the Board considers the present arrangement is fully capable of maintaining the independence and objectivity of the external auditors.
5.1	There are no written policies and procedures designed to ensure the compliance with the ASX Listing Rule on disclosure requirements.	Although there are no written policies in place the responsibility for compliance with the ASX Listing Rules is handled by the Board and subject to review by the external auditors. The Board considers that the requirements are met.
6.1	Design and disclose a communication strategy to promote effective communications with shareholders.	The Board has approved the introduction of a Company's website that will have all relevant information. Website is currently under construction.
7.1	The Board should establish policies on risk oversight and management.	The Board has appointed an "Advisory Panel" made up of three independent Associate Directors / Consultants to assist the Board and review various risks associated with property acquisition and the obtaining of development approval.
7.2	The CEO & Chief Financial Officer to confirm existence of a sound system of risk management policies.	The principal policy adopted to minimise risk is that Company's participation is limited to investment in unit trusts operated by other partners and providing services.
8.1	Performance evaluation of the Board and key executives.	Given the size of the Company and the Structure of the Board, the Chairman is fulfilling this role at the moment.
10.1	There has been no disclosure of a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.	Although no formal code has been drawn up, the Board recognises the Principle and adopts business practices accordingly.

**END**

**SABINA CORPORATION LIMITED**  
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**DIRECTORS' REPORT**

Your Directors present their report on the company for the year ended 30<sup>th</sup> June 2005.

**DIRECTORS**

The Directors of the company in office at any time during or since the financial year:

Mr Peter Chen	(Chairman, CEO and Company Secretary.)
Mr Nicholas Lockyer	(Non-executive director.)
Mr Philip Little	(Non-executive director. Resigned 22 October 2004.)
Mr Stephen Wong	(Non-executive director. Appointed 22 October 2004.)

Directors and Company Secretary have been in office since the start of the financial year to the date of this report unless otherwise stated.

**PRINCIPAL ACTIVITIES**

The principal activities of the Company during the year were investments in property unit trusts and the provision of property development expertise and services in Australia.

**OPERATING RESULTS**

The loss from ordinary activities after income tax for the financial year ended 30<sup>th</sup> June 2005 was \$231,660 (2004 \$80,854). The loss was principally administration overhead expenses.

**DIVIDEND PAID OR RECOMMENDED**

There has been no dividend paid or recommended during or since the financial year.

**REVIEW OF OPERATIONS**

During the financial year the company invested in development activities via holdings in various property unit trusts managed by Tasmania Development Corporation Pty Ltd, as corporate trustee.

As at 30 June 2005, Sabina held a 40% interest in the following property trusts:

- ***Uni Village Unit Trust***

The Unit Trust has signed a conditional contract to purchase an 8-acre site; located at the front entrance to the Launceston Campus of the Tasmania University. The proposed project is about \$25 million, which includes a cluster of 2 –storey 15 x village cottages (residential & retail) and 84 x 2 B/R residential apartments. Development Approval has been granted by Council and is now waiting for Rezoning approval from RPDC in Hobart.

**SABINA CORPORATION LIMITED**  
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**DIRECTORS' REPORT**

**REVIEW OF OPERATIONS (continued)**

- ***Ming Village Unit Trust***

The Unit Trust is currently negotiating with Tasmanian Government agencies to lease a property of 604 ha. located near Scottsdale; about 45 minutes from Launceston. A Forest Lease previously reported as granted by Forestry Tasmania has been reprocessed as the land area had originally included a portion which does not come under the control of Forestry Tasmania. Proposed project value for this eco tourism development is about \$25 million; this includes a small Chinese-themed village comprising 4 farm houses, Chinese market garden, restaurant, and tourist shops. Other resort facilities include caravan park, boot camp, martial arts centre, deer farm, lakeside log cabins, rural residential allotments, golf course, and nature walkways.

- ***Huonville Unit Trust***

The Unit Trust has signed a conditional contract to purchase an 80-acre property situated adjacent to the township at Huonville; about 45 minutes from Hobart. It is proposed that the land would be subdivided into a "Lifestyle Village" comprising about 150 residential allotments and a village square in the centre. Project value is around \$15 million.

- ***Legana Unit Trust***

The Unit Trust has signed a conditional contract to purchase a 20 acre site at Legana in Launceston. The site is ideally suited for development as a local business park incorporating a service station, several fast food outlets, restaurants, offices, retail shops, and a medical & wellness centre. Project value is around \$6.5 million.

**FINANCIAL POSITION**

The net assets of the entity have increased by \$77,474 from 1 July 2004 to 30 June 2005. This increase is largely the result of reductions in amounts payable to related entities. The liability to Churchill Nominees Pty Ltd was extinguished in part by the exercise of 1,000,000 share options at 25 cents during the year.

The directors believe that the company is in a position to expand and grow its current operations. Until such time as investments generate cash, financial support has been pledged by G8 Management Pty Ltd, a company associated with the Chairman.

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

There were no significant changes in the state of affairs of the Company during the year other than as detailed under review and results of operations.

**AFTER BALANCE DATE EVENTS**

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

**SABINA CORPORATION LIMITED**  
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**DIRECTORS' REPORT**

**FUTURE DEVELOPMENTS AND EXPECTED RESULTS**

To further improve the company's profit and maximise shareholder wealth, the company will continue to exercise its option to take up investment opportunities in property trusts managed by Tasmanian Development Corporation Pty Ltd. Investments in two of the units trusts have already resulted in the receipt of 1,200,000 bonus units (at a directors valuation of \$800,000) to 30 June 2005. It is expected that this increase in asset value would be taken up in the company's accounts in the 2005/06 financial year.

**PERFORMANCE IN RELATION TO ENVIRONMENTAL REGULATION**

There has been no matter either during or since the end of the financial year that in the opinion of the directors would give rise to any conflict with the provisions of existing environmental regulation.

**ADOPTION OF AUSTRALIAN EQUIVALENTS TO IFRS**

As a result of the introduction of Australian equivalents to International Financial Reporting Standards (IFRS), the Company's financial report has been prepared in accordance with those Standards. A reconciliation of adjustments arising on the transition to IFRS is included in Note 2 to this report. As stated in our market release during the year, nil adjustments occurred upon the adoption of AIFRS.

**INFORMATION ON DIRECTORS**

**Peter Benjamin Chen ACIS, FAIM, FSSE, FAICD.**  
**Chairman and CEO / Secretary**

Mr. Chen came to Australia in 1961 as a student. After gaining his accountancy qualification he worked in accounting and financial industry for several years and held senior management positions in major American, Canadian, and Australian companies, both in Australia and the Pacific. In the latter part of his career, he concentrated in investments and property development.

In 1978, he founded a multi-disciplinary consultancy firm in Brisbane and at the same time established the Sabina Group of Companies which in 1991 became Sabina Corporation Limited. The consultancy practice was merged into Sabina in 2003 and became known as "G8 Consultants".

**Nicholas John Lockyer Assoc IIMS.**  
**Non-Executive Director**

Mr. Lockyer is a qualified marine surveyor and is the principal shareholder of KPS Maritime. He comes from a family with hundreds of years of maritime history. His other interests include property development and marketing. Mr. Lockyer was a former member of the advisory board of the International Institute of Valuers.

**Stephen Wong BA Int. Bus.**  
**Non-Executive Director**

Mr. Wong graduated with a bachelor degree in International Business at Griffiths University. He is Managing Director of SY Developments Pty Ltd, a family-owned development & building company based in Brisbane.

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**DIRECTORS' REPORT**

**DIRECTORS' MEETINGS**

Number of Directors' meetings held during the year was:

Name of Director	Meetings held during the period whilst holding office	Meetings attended
Mr. P B Chen	8	8
Mr. N J Lockyer	8	8
Mr. P A Little	4	4
Mr. S Wong	4	4

There was no audit committee established during 2005. (Refer to Corporate Governance Statement).

**INTERESTS OF DIRECTORS**

At date of this report the following interests in ordinary shares were held by Directors:

Name of Director	Ordinary Shares	Options
Mr. P B Chen	676,000	-
Mr. N J Lockyer	106,000	-
Mr. S Wong	200,000	-

**EMOULMENTS OF DIRECTORS & SENIOR EXECUTIVE OFFICERS**

**REMUNERATION POLICY**

The remuneration policy of Sabina Corporation Limited has been designed to align director and executive objectives with Shareholder and business objectives by providing a fixed remuneration component subject to attendance at board meetings. The board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the company, as well as to create goal congruence between directors and shareholders.

The boards policy for determining the nature and amount of remuneration for board members is as follows:

- \* The remuneration policy, setting the terms and conditions for both executive and non-executive directors, was developed by the remuneration committee and approved by the board.
- \* The Chairman and non-executive directors receive a fixed attendance fee of \$1,000 and \$500 respectively for attendance at a board meeting.
- \* Sabina Corporation Limited does not employ any executives.
- \* The remuneration committee reviews directors remuneration annually by reference to the company's performance.

All remuneration paid to directors is valued at cost to the company and expensed.

**SABINA CORPORATION LIMITED**  
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**DIRECTORS' REPORT**

**REMUNERATION POLICY (Continued)**

Details of the nature and amount of each major element of the emoluments of each director of the company and the officers of the company are:

Directors	Basic Emoluments	Non-cash Benefits	Superannuation	Total
	\$	\$	\$	\$
Mr. P B Chen	120,000	8,000	-	128,000
Mr. N J Lockyer	-	4,000	-	4,000
Mr. S Wong	-	2,000	-	2,000

The remuneration structure for executive officers, including executive directors, is based on a number of factors such as length of service, attendance of board meetings, particular experience of the individual concerned and the overall performance of the company. The contracts for service between the company and specified directors are on a continuing basis and terms of which are not expected to change in the immediate future. No post employment benefits are payable upon the retirement of directors. Cash bonus reward schemes are not offered to directors or executives.

No options were issued as part of remuneration for the year ended 30 June 2005.

**Directors are not paid performance based bonuses.**

**OPTIONS**

At the date of this report, the unissued ordinary shares of Sabina Corporation Limited under option are as follows:

A total of 4,000,000 options were approved at the last AGM and these are exercisable for ordinary shares at 25 cents on or prior to 22<sup>nd</sup> October 2005.

During the year, 1,000,000 options were exercised and paid for in cash by the option holder, Churchill Nominees Australia Pty Ltd, leaving a balance of 3,000,000 options outstanding at the date of this report.

No further shares have been issued since that date.

No amounts are unpaid on any of the shares.

**GOING CONCERN**

The financial statements have been prepared on a going concern basis. As a major Shareholder, Churchill Nominees Australia Pty Ltd as trustee for the Mandarin Paradise Trust has agreed to provide ongoing financial support in the form of working capital advances and unencumbered collateral security to support any overdraft facility that may be needed by the company.

**SABINA CORPORATION LIMITED**  
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**DIRECTORS' REPORT**

**NON-AUDIT SERVICES**

The board of directors is satisfied that the provision of no-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services provided, namely adhoc advice on entity structures for a proposed investment, did not compromise the external auditors independence for the following reasons:

- All non audit services are reviewed and approved by the board prior to engagement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided do not compromise the general principles relating to auditor independence as set out in Institute of Chartered Accountants in Australia Professional Statement F1: Professional Independence.

**INDEMNIFICATION OF OFFICERS AND AUDITORS**

The company, has not during the financial year, in respect of any person who is or has been an officer or auditor of the company or a related body corporate, indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, incurring costs and expenses successfully defending legal proceedings.

During the year the company did not pay a premium to insure the directors and officers of the company for costs and expenses which may be incurred in defending civil or criminal proceedings that may be brought against the directors and officers in their capacity as directors and officers of the company.

**PROCEEDINGS ON BEHALF OF COMPANY**

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

**AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration for the year ended 30 June 2005 has been received and can found on page 14 of the directors report.

Signed in accordance with a Resolution of the Board of Directors.

Dated this 25th day of August 2005.

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P. B. Chen – Director

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N. J. Lockyer – Director

**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**  
**AND CONTROLLED ENTITIES**

**AUDITOR'S INDEPENDENCE DECLARATION**  
**UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

**TO THE DIRECTORS OF SABINA CORPORATION LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2005 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

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Name of Firm: Whitehills Business Advisers and Chartered Accountants  
Name of Partner: Craig Whitehill  
  
Date: 25th August 2005  
Address: Level 18, 300 Adelaide St  
Brisbane QLD 4001

**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**  
**AND CONTROLLED ENTITIES**  
  
**DIRECTORS' DECLARATION**  
  
**FOR THE YEAR ENDED 30 JUNE 2005**

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 15 to 52, are in accordance with the *Corporations Act 2001* and:
  - a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - b) give a true and fair view of the financial position as at 30 June 2005 and of the performance for the year ended on that date of the company and economic entity;
2. the Chief Executive Officer has declared that:
  - a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
  - b) the financial statements and notes for the financial year comply with the Accounting Standards; and
  - c) the financial statements and notes for the financial year give a true and fair view.
3. in the directors opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Dated this 25th day of August 2005.

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P B Chen – Director

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N. J. Lockyer – Director

**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**  
**AND CONTROLLED ENTITIES**

**INCOME STATEMENT**

**FOR THE YEAR ENDED 30 JUNE 2005**

	NOTE	Consolidated		Parent Entity	
		2005	2004	2005	2004
		\$	\$	\$	\$
Revenue from Ordinary Activities	3	20,330	321,902	20,330	189,547
Expenses from Ordinary Activities	4	(249,164)	(401,020)	(249,164)	(304,115)
Borrowing Cost Expense	4	(2,826)	(9,420)	(2,826)	(9,420)
Share of net profits of associated accounted for using the equity method.		-	7,684	-	-
		-----	-----	-----	-----
Loss from ordinary activities before income tax expenses	4	(231,660)	(80,854)	(231,660)	(123,988)
Income tax expense relating to ordinary Activities	5	-	-	-	-
		-----	-----	-----	-----
Net loss		(231,660)	(80,854)	(231,660)	(123,988)
Profit/(Loss) from discontinued operations	4	2,719	(67,174)	-	-
Net (profit) attributable to minority equity interest		-	(9,365)	-	-
		-----	-----	-----	-----
Net loss attributable to members of the parent entity		(228,941)	(159,393)	(231,660)	(123,988)
		=====	=====	=====	=====
 <b>Overall Operations</b>					
Basic earnings per share	15	(0.017)cents	(0.006)cents		
Diluted earnings per share	15	(0.017)cents	(0.006)cents		
 <b>Continuing Operations</b>					
Basic earnings per share	15	(0.017)cents	(0.006)cents		
Diluted earnings per share	15	(0.017)cents	(0.006)cents		
 <b>Discontinued Operations</b>					
Basic loss per share	15	0.001cents	(0.005)cents		

*The above Income Statement should be read in conjunction with the attached notes.*

**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**  
**AND CONTROLLED ENTITIES**

**BALANCE SHEET**  
**AS AT 30 JUNE 2005**

	NOTE	Consolidated		Parent Entity	
		2005	2004	2005	2004
		\$	\$	\$	\$
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	23(i)	50,337	195,344	50,337	195,344
Other current assets	7	771	750	771	750
Other financial assets	8	19,970	11,082	19,970	22,999
<b>Total Current Assets</b>		<b>71,078</b>	207,176	<b>71,078</b>	219,093
<b>NonCurrent Assets</b>					
Property, plant and equipment	10	32,601	44,295	32,601	44,295
Investments accounted for using the equity method	8,9	10,400	9,684	10,400	2,000
<b>Total Non-Current Assets</b>		<b>43,001</b>	53,979	<b>43,001</b>	46,295
<b>TOTAL ASSETS</b>		<b>114,079</b>	<b>261,155</b>	<b>114,079</b>	<b>265,388</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Payables	11	60,189	278,715	60,189	278,715
Interest bearing liabilities	12	6,023	6,023	6,023	6,023
<b>Total Current Liabilities</b>		<b>66,212</b>	284,738	<b>66,212</b>	284,738
<b>Non-Current Liabilities</b>					
Interest bearing liabilities	12	32,158	38,182	32,158	38,182
<b>Total Non-Current liabilities</b>		<b>32,158</b>	38,182	<b>32,158</b>	38,182
<b>TOTAL LIABILITIES</b>		<b>98,370</b>	<b>322,920</b>	<b>98,370</b>	<b>322,920</b>
<b>NET ASSETS</b>		<b>15,709</b>	<b>(61,765)</b>	<b>15,709</b>	<b>(57,532)</b>
<b>EQUITY</b>					
Parent Entity					
Issued capital	13	7,477,815	7,172,915	7,477,815	7,172,915
Accumulated losses	14	(7,462,106)	(7,233,165)	(7,462,106)	(7,230,447)
Parent entity interest		15,709	(60,250)	15,709	(57,532)
Minority equity interest		-	(1,515)	-	-
<b>TOTAL EQUITY</b>		<b>15,709</b>	<b>(61,765)</b>	<b>15,709</b>	<b>(57,532)</b>

*The above Balance Sheet should be read in conjunction with the attached notes.*

**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**  
**AND CONTROLLED ENTITIES**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED**  
**30 JUNE 2005**

<b>Economic Entity</b>	<b>Share Capital Ordinary \$</b>	<b>Accumulated Losses \$</b>	<b>Minority Equity Interest \$</b>	<b>Total \$</b>
Balance at 1 July 2004	7,172,915	(7,233,165)	(1,515)	(61,765)
Loss attributable to members of Parent Entity		(231,660)		(231,660)
Deregistration of subsidiary		2,719	1,515	4,234
Shares issued during the year	304,900			304,900
Balance at 30 June 2005	<u>7,477,815</u>	<u>(7,462,106)</u>	<u>-</u>	<u>15,709</u>

<b>Parent Entity</b>	<b>Share Capital Ordinary \$</b>	<b>Accumulated Losses \$</b>	<b>Minority Equity Interest \$</b>	<b>Total \$</b>
Balance at 1 July 2004	7,172,915	(7,230,446)	-	(57,531)
Loss attributable to members of Parent Entity		(231,660)		(231,660)
Deregistration of subsidiary			-	-
Shares issued during the year	304,900			304,900
Balance at 30 June 2005	<u>7,477,815</u>	<u>(7,462,106)</u>	<u>-</u>	<u>15,709</u>

*The above Statement of Changes in Equity should be read in conjunction with the attached notes.*

**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**  
**AND CONTROLLED ENTITIES**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 30 JUNE 2005**

	NOTE	Consolidated		Parent Entity	
		2005	2004	2005	2004
		\$	\$	\$	\$
<b>Cash Flows from Operating Activities</b>					
Receipts from customers		73	315,634	73	215,904
Proceeds from sale of property held for resale		-	40,271	-	-
Payments to suppliers		(170,797)	(564,467)	(170,797)	(411,511)
Interest received		2,427	-	2,427	-
Borrowing costs paid		(2,826)	(9,420)	(2,826)	(9,420)
GST recovered		9,636	6,306	9,636	6,306
		-----	-----	-----	-----
<b>Net cash provided by/(used in) operating activities</b>	23(ii)	(161,487)	(211,676)	(161,487)	(198,721)
		-----	-----	-----	-----
<b>Cash Flows from Investing Activities</b>					
Payments for property, plant & equipment		(3,091)	(7,410)	(3,091)	(7,410)
Allotment of units in Unit Trust		(400)	-	(400)	-
		-----	-----	-----	-----
<b>Net cash provided by/(used in) investing activities</b>		(3,491)	(7,410)	(3,491)	(7,410)
		-----	-----	-----	-----
<b>Cash Flows from Financing Activities</b>					
Repayments of borrowings		150,000	(70,000)	150,000	(70,000)
Borrowings – related parties		(125,000)		(125,000)	
Share applications		-	200,000	-	200,000
Repayment of finance lease		(5,029)	(14,971)	(5,029)	(14,971)
		-----	-----	-----	-----
<b>Net cash provided by/(used in) financing activities</b>		19,971	115,029	19,971	115,029
		-----	-----	-----	-----
Net increase/(decrease) in cash held		(145,007)	(104,062)	(145,007)	(91,102)
Cash at the beginning of the financial year		195,344	299,062	195,344	286,446
		-----	-----	-----	-----
<b>Cash at the end of the financial year</b>	23(i)	<b>50,337</b>	<b>195,344</b>	<b>50,337</b>	<b>195,344</b>
		=====	=====	=====	=====

*The above Statements of Cash Flows should be read in conjunction with the attached notes.*

**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**  
**AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose financial report which has been drawn up in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the Urgent Issues Group Interpretations and the Corporations Act 2001.

The 2004 financial report covers the economic entity of Sabina Corporation Limited and controlled entities, and Sabina Corporation Limited as an individual parent entity. The 2005 financial report consists of the single entity Sabina Corporation Limited. Sabina Corporation Limited is a listed public company, incorporated and domiciled in Australia.

The financial report of Sabina Corporation Limited and controlled entities, and Sabina Corporation Limited as an individual parent entity comply with all Australian equivalents to International Financial reporting Standards (IFRS) in their entirety.

The following is a summary of material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**BASIS OF PREPARATION**

*First-time Adoption of Australian Equivalents to International Financial Reporting Standards.*

Sabina Corporation Limited and controlled entities, and Sabina Corporation Limited as an individual parent entity have prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (IFRS) from July 1 2004.

In accordance with the requirements of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the parent entity and consolidated entity accounts resulting from the introduction of IFRS have been applied retrospectively to 2004 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. These consolidated accounts are the first financial statements of Sabina Corporation Limited to be prepared in accordance with Australian equivalents to IFRS.

The accounting policies set out below have been consistently applied to all years presented.

Reconciliations of the transition from previous Australian GAAP to IFRS have been included in Note 2 to this report.

*Reporting Basis and Conventions*

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**  
**AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ACCOUNTING POLICIES**

a) **Principles of Consolidation**

A controlled entity is any entity Sabina Corporation Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

Details of the controlled entity is contained in Note 18 to the financial statements. The one controlled entity was sold during the year. The controlled entity was dormant between 1 July 2004 and the date of sale. The operating result of the controlled entity has been included until the date control ceased.

b) **Going Concern**

The financial report has been prepared on the going concern basis, because in the opinion of the directors, the company will be able to pay its debts as and when they fall due over the period of the next twelve months.

The economic entity has incurred losses from ordinary operations in 2005 and 2004 . In addition, it has a continuing agreement with G8 Management Pty Ltd for consulting services and a lease with Mr P B Chen for commitment over a vehicle. The excess of liquid assets over current liabilities is not sufficient to discharge these commitments without an inflow of funds from capital raising or loans.

G8 Management Pty Ltd has pledged financial support for \$250,000 and/or a \$715,000 collateral security for the next year for any additional working capital needs. G8 Management Pty Ltd has expressed a willingness to convert the loans to equity should the opportunity to do so becomes available.

c) **Income Tax**

Income tax has been brought to account using a method of tax effect accounting whereby income tax expense for the period is calculated on the accounting profit after adjusting for items which, as a result of their treatment under income tax legislation, create permanent differences between that profit and the taxable income. The tax effect of timing differences which arise from the recognition in the accounts of items of revenue and expense in periods different from those in which they are assessable or allowable for income tax purposes, are represented in the Balance Sheet as "future income tax benefits" or "provisions for deferred income tax", as the case may be at current tax rates. A future income tax benefit is only carried forward as an asset where realisation of the benefit can be regarded as being assured beyond reasonable doubt.

**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**  
**AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *Continued*

**d) Property, Plant and Equipment**

Plant and equipment is stated in the financial statements at cost less depreciation and impairment losses. All plant and equipment are depreciated over their estimated useful lives using the straight-line method commencing from the time the assets are held ready for use. The depreciation rates per class of asset are as follows:

Office Equipment	20%
Mobile Telephone	50%
Motor Vehicle – Jaguar Sedan	20%

**e) Revenue Recognition**

Property Development Revenue

There has been no revenue earned from present development projects as all are still in various stages of planning and Council approval.

Rental Revenue

Revenue from the rental on the industrial building at Holt Street, Eagle Farm has ceased as the freehold property has been sold.

Management Fee Revenue

Revenue from the provision of management consultancy services from the parent entity to associated entities is recognised when the services have been performed, the amount of fee revenue invoiced have all been received.

Interest Revenue

Interest revenue is recognised on an effective yield basis.

**f) Payables**

Accounts payable represent the principal amounts outstanding at balance date plus, where applicable, any accrued interest. Accounts payable are normally settled on a 30-day period and are non-interest bearing.

**g) Receivables**

Trade accounts receivable and other receivables represent the principal amounts due at balance date. Trade accounts receivable are non-interest bearing and are normally settled on 30-day terms.

**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**  
**AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *Continued*

**h) Interest Bearing Liabilities**

Interest bearing liabilities are recognised in the financial statements on the basis of nominal amounts outstanding plus accrued interest.

**i) Net Fair Values**

The carrying amount of financial assets and liabilities recorded in the financial statements are stated at net fair value unless otherwise stated. The net fair value of assets is the amount that could be received on disposal less any costs of disposal. The net fair value of liabilities is the amount that could be paid to extinguish the debt, plus any costs of extinguishment.

**j) Borrowing Costs**

Borrowing costs are recognised as an expense in the period that they are incurred.

**k) Credit Risk**

Maximum credit risk exposure of financial assets is represented by the carrying amounts in the Statement of Financial Position. The consolidated entity has no significant concentration of credit risk with any single counterparty or group of counterparties.

**l) Other Financial Assets**

Current investments are stated at cost, less where applicable any provision for diminution in value.

**m) Leases**

Operating lease payments are charged to expense on a basis that is representative of the pattern of benefits derived from the leased property.

Where assets are acquired by means of finance leases, the present value of minimum lease payments is established as an asset at the beginning of the lease term and amortised on a straight-line basis over the expected economic life. A corresponding liability is also established and each lease payment is allocated between such liability and interest expense.

**n) Investments in Associates**

Financial statements as at 30 June 2005 have not been prepared for the associated unit trust entities. The directors of the Trustee company, Tasmania Developments Pty Ltd, have provided written confirmation that the unit trusts have not earned revenue or incurred any expenditure during the year and have no recorded assets and liabilities as at 30 June 2005. All transaction costs to date relating to review of potential property investments has been incurred by the Trustee on behalf of the trusts.

Accordingly there has been no application of the equity method of accounting to determine an appropriate share of the associates profits, losses, assets or liabilities as at 30 June 2005 as required by Australian Accounting Standard AASB 128 "Investments in Associates".

**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**  
**AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *Continued*

**o) Impairment of Assets**

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**p) Investments in Associates**

Investment in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognised group's share of post-acquisition reserves of its associates.

**Critical accounting estimates and judgments**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current trends and economic data.

*Key estimates – Impairment*

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**  
**AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

**2. FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENT TO INTERNATIONAL FINANCIAL REPORTING STANDARDS**

	Previous GAAP at 1 July 2004 \$	Adjustment \$	Australian Equivalents to IFRS at 1 July 2004 \$
<b>Parent Entity</b>			
<b>Reconciliation of Equity at 1 July 2004</b>			
<b>Current Assets</b>			
Cash assets	195,344	-	195,344
Other current assets	750	-	750
Other financial assets	22,999	-	22,999
<b>Total Current Assets</b>	<u>219,093</u>	<u>-</u>	<u>219,093</u>
<b>Non-Current Assets</b>			
Property, plant & equipment	44,295	-	44,295
Investments accounted for using the equity method	2000	-	2000
<b>Total Non-Current Assets</b>	<u>46,295</u>	<u>-</u>	<u>46,295</u>
<b>TOTAL ASSETS</b>	<u><b>265,388</b></u>	<u>-</u>	<u><b>265,388</b></u>
<b>Current Liabilities</b>			
Payables	278,715	-	278,715
Interest bearing liabilities	6,023	-	6,023
<b>Total Current Liabilities</b>	<u>284,738</u>	<u>-</u>	<u>284,738</u>
<b>Non-Current Liabilities</b>			
Interest bearing liabilities	38,182	-	38,182
<b>Total Non-Current Liabilities</b>	<u>38,182</u>	<u>-</u>	<u>38,182</u>
<b>TOTAL LIABILITIES</b>	<u><b>322,920</b></u>	<u>-</u>	<u><b>322,920</b></u>
<b>NET ASSETS</b>	<u><b>(57,532)</b></u>	<u>-</u>	<u><b>(57,532)</b></u>
<b>EQUITY</b>			
Parent Entity			
Contributed equity	7,172,915	-	7,172,915
Accumulated losses	(7,230,447)	-	(7,230,447)
<b>TOTAL EQUITY</b>	<u><b>(57,532)</b></u>	<u>-</u>	<u><b>(57,532)</b></u>

**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**  
**AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

**2. FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENT TO INTERNATIONAL FINANCIAL REPORTING STANDARDS**

	Previous GAAP at 1 July 2004 \$	Adjustment \$	Australian Equivalents to IFRS at 1 July 2004 \$
<b>Parent Entity</b>			
<b>Reconciliation of Equity at 1 July 2004</b>			
Revenue from Ordinary Activities	189,547	-	189,547
Expenses from Ordinary Activities	(304,115)	-	(304,115)
Borrowing cost expense	(9,420)	-	(9,420)
Share of net profits of associated accounted for using the equity method.			
	_____	_____	_____
Loss from ordinary activities before income tax expenses	(123,988)	-	(123,988)
Income tax expenses relating to ordinary Activities	-	-	-
	_____	_____	_____
Net loss attributable to members of the parent entity	(123,988)	-	(123,988)
	=====	=====	=====

**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**  
**AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

**2. FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENT TO INTERNATIONAL FINANCIAL REPORTING STANDARDS**

	Previous GAAP at 1 July 2004 \$	Adjustment \$	Australian Equivalents to IFRS at 1 July 2004 \$
<b>Economic Entity Reconciliation of Equity at 1 July 2004</b>			
<b>Current Assets</b>			
Cash assets	195,344	-	195,344
Other current assets	750	-	750
Other financial assets	11,082	-	11,082
<b>Total Current Assets</b>	<u>207,176</u>	<u>-</u>	<u>207,176</u>
<b>Non-Current Assets</b>			
Property, plant & equipment	44,295	-	44,295
Investments accounted for using the equity method	9,684	-	9,684
<b>Total Non-Current Assets</b>	<u>53,979</u>	<u>-</u>	<u>53,979</u>
<b>TOTAL ASSETS</b>	<u><b>261,155</b></u>	<u>-</u>	<u><b>261,155</b></u>
<b>Current Liabilities</b>			
Payables	278,715	-	278,715
Interest bearing liabilities	6,023	-	6,023
<b>Total Current Liabilities</b>	<u>284,738</u>	<u>-</u>	<u>284,738</u>
<b>Non-Current Liabilities</b>			
Interest bearing liabilities	38,182	-	38,182
<b>Total Non-Current Liabilities</b>	<u>38,182</u>	<u>-</u>	<u>38,182</u>
<b>TOTAL LIABILITIES</b>	<u><b>322,920</b></u>	<u>-</u>	<u><b>322,920</b></u>
<b>NET ASSETS</b>	<u><b>(61,765)</b></u>	<u>-</u>	<u><b>(61,765)</b></u>
<b>EQUITY</b>			
Contributed equity	7,172,915	-	7,172,915
Accumulated losses	(7,233,165)	-	(7,233,165)
Parent entity interest	(60,250)	-	(60,250)
<b>Outside equity interest</b>	<u>(1,515)</u>	<u>-</u>	<u>(1,515)</u>
<b>TOTAL EQUITY</b>	<u><b>(61,765)</b></u>	<u>-</u>	<u><b>(61,765)</b></u>

**SABINA CORPORATION LIMITED**  
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**2. FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENT TO INTERNATIONAL FINANCIAL REPORTING STANDARDS**

	Previous GAAP at 1 July 2004 \$	Adjustment \$	Australian Equivalents to IFRS at 1 July 2004 \$
<b>Consolidated Entity</b>			
<b>Reconciliation of Equity at 1 July 2004</b>			
Revenue from Ordinary Activities	321,902	-	321,902
Expenses from Ordinary Activities	(401,020)	-	(401,020)
Borrowing cost expense	(9,420)	-	(9,420)
Share of net profits of associated accounted for using the equity method.	7,684	-	7,684
	-----	-----	-----
Loss from ordinary activities before income tax expenses	(80,854)	-	(80,854)
Income tax expenses relating to ordinary Activities	-	-	-
	-----	-----	-----
Net loss	(80,854)	-	(80,854)
Net loss attributable to outside equity interest	(9,365)	-----	(9,365)
Net loss attributable to members of the parent entity	(90,219)	-	(90,219)
Loss from discontinued operations	(67,174)	-----	(67,174)
	-----	-----	-----
Total changes in equity other than those resulting from transactions with owners as owners	(159,393)	-	(159,393)
	=====	-----	-----

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NOTE	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
<b>3. REVENUE FROM ORDINARY ACTIVITIES</b>				
Operating revenue:				
Property development services income	-	202,843		189,547
Rental Income	17,903	99,730	17,903	-
Proceeds on sale of property		19,329		-
	<u>17,903</u>	<u>321,902</u>	<u>17,903</u>	<u>189,547</u>
Non Operating revenue:				
Interest Revenue – Non related	2,427	-	2,427	-
Total Revenue from Ordinary Activities	<u>20,330</u>	<u>321,902</u>	<u>20,330</u>	<u>189,547</u>
	=====	=====	=====	=====
<b>4. LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE</b>				
<b>(a)The following items have been recognised in the loss from ordinary activities:</b>				
Finance costs				
- Lease finance charges	2,826	9,420	2,826	9,420
- Other corporations	-	-	-	-
Amortisation of leased assets	11,594	12,919	11,594	12,919
<b>(b) Classification of expenses by nature:</b>				
Consultant fees – G8 Management Pty Ltd	120,000	120,000	120,000	120,000
Depreciation expense- Plant & Equipment	4,383	2,204	4,383	2,204
Amortisation expense- Leased Assets	11,594	10,715	11,594	10,715
Rental Costs	18,409	116,589	18,409	33,485
Directors' fees and expenses	16,206	55,218	16,206	55,218
Other expenses from ordinary activities	81,398	96,294	81,398	82,493
	<u>251,990</u>	<u>401,020</u>	<u>251,990</u>	<u>304,115</u>
	=====	=====	=====	=====

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NOTE	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
<b>4. LOSS FROM ORDINARY ACTIVITIES (Continued)</b>				
<b>(b) Discontinued Operations</b>				
<p>In May 2004 the economic entity, in association with the Australian Securities &amp; Investment Commission, deregistered all, but one, inactive subsidiary companies. No costs were incurred in the deregistration process. The remaining dormant company was sold in December 2004 for nil consideration.</p> <p>The financial performance of the discontinued operations to the date of sale which have been incorporated into the Income Statement.</p>				
Revenue from ordinary activities	2,719	132,355		
Expenses from ordinary activities	-	(96,905)		
	2,719	35,450		
Profit from ordinary activities				
Attributable to parent entity	2,719	35,450		
Income tax expense	-	-		
	-	-		
Net Profit from ordinary activities				
Attributable to parent entity	2,719	35,450		
	2,719	35,450		
<p>The carrying amounts of assets and liabilities at the date of sale.</p>				
Total Assets	-	-		
Total Liabilities	-	-		
	-	-		
Net Assets	-	-		
	-	-		
<p>Net cash flows generated by discontinued Operations</p>				
Net cash inflows				
- from ordinary activities	-	(12,960)		
- from investing activities	-	-		
- from financing activities	-	-		
	-	(12,960)		
Net increase in cash	-	(12,960)		
	-	(12,960)		

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NOTE	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
<b>5. INCOME TAX</b>				
The amount provided in respect of income tax differs from the amount prima facie payable on operating profit. The difference is reconciled as follows:				
Prima facie tax benefit on loss from ordinary activities calculated at 30% (2004: 30%)	(93,917)	(23,656)	(93,917)	(37,196)
Add back tax effect of permanent differences:				
Add back tax effect of timing differences		-		-
Re-coupmnt of tax losses		-		-
Future income tax benefit not recognised	93,917	23,656	93,917	37,196
Income tax attributable to Parent Entity	-	-	-	-
	=====	=====	=====	=====

Potential future income tax benefits at 30% (2004: 30%) attributable to tax losses and timing differences carried forward amounting to \$1,716,004 (2004 \$1,528,170) (consolidated entity) and \$1,585,331 (2004: \$1,491,414) (parent entity) have not been brought to account because directors do not believe it is appropriate to regard realisation of the future income tax benefit as virtually certain. These benefits will only be obtained if:

- (a) The consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction of the loss to be realised;
- (b) The consolidated entity continues to comply with the conditions for deductibility imposed by law and
- (c) No changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deduction for the loss.

**Dividend imputation:**

Dividends that have been or will be franked	-	-	-	-
Applicable tax rate	30%	30%	30%	30%
Balance of franking account at reporting date	-	-	-	-

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NOTE	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$

**6. DIRECTORS' AND EXECUTIVES' REMUNERATION**

- (a) The names and positions held of parent entity directors and specified executives in office at any time during the financial year were:

Parent Entity Directors

Mr PB Chen	Chairman – Executive
Mr NJ Lockyer	Director – Non-Executive
Mr PA Little	Director – Non-Executive (Retired 22 October 2004)
Mr S Wong	Director – Non-Executive (Appointed 22 October 2004)

Specified Executives

Nil – no employees

- (b) Parent Entity Directors' Remuneration

2005	Salary & Fees	Primary			Post Employment	Other		Total
		Super-annuation	Cash Bonus	Non-Cash Benefits		Equity - Shares in Lieu of Fees	Other	
Mr PB Chen	120,000	-	-	-	-	8,000	-	128,000
Mr NJ Lockyer	-	-	-	-	-	4,000	-	4,000
Mr PA Little	-	-	-	-	-	2,000	-	2,000
Mr S Wong	-	-	-	-	-	2,000	-	2,000
Total	-	-	-	-	-	16,000	-	136,000

2004	Salary & Fees	Primary			Post Employment	Other		Total
		Super-annuation	Cash Bonus	Non-Cash Benefits		Equity - Shares in Lieu of Fees	Other	
Mr PB Chen	120,000	-	-	10,601	-	12,000	-	142,601
Mr GF Ellwood	-	-	-	-	-	3,000	-	3,000
Mr NJ Lockyer	-	-	-	-	-	6,000	-	6,000
Dr RJ Paech	-	-	-	-	-	3,500	-	3,500
Mr KC Junius	-	-	-	-	-	-	-	-
Mr RD Tilby	-	-	-	-	-	-	-	-
Total	120,000	-	-	10,601	-	24,500	-	155,101

The service and performance criteria set to determine remuneration are included per note (h).

**SABINA CORPORATION LIMITED**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

**6. DIRECTORS' AND EXECUTIVES' REMUNERATION**  
**(Continued)**

(c) Specified Executives' Remuneration

Nil – No employees

(d) Remuneration Options

Options Granted as Remuneration

	Vested No.	Granted No	Grant Date	Value per Options at Grant Date \$	Terms & Conditions for Each Grant		
					Exercise Price \$	First Exercise Date	Last Exercise Date
Parent Entity Directors Specified Executives	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-

The service and performance criteria set to determine remuneration are included per note (h).

(e) Shares Issued on Exercise of Remuneration Options

	No. of Ordinary Shares Issued	Amount Paid per Share \$	Amount Unpaid per Share \$
Parent Entity Directors Specified Executives	-	-	-

(f) **Options and Rights Holdings**

Number of options held by Specified Directors and Executives

	Balance 1.7.04	Granted as Remun- eration	Options Expired	Balance 30.6.05	Total Vested 30.6.05	Total Exercis- able 30.6.05	Total Unexer- cisable 30.6.05
Parent Entity Directors							
Mr PB Chen	6,000,000	-	(6,000,000)	-	-	-	-
Mr NJ Lockyer	-	-	-	-	-	-	-
Mr PA Little	-	-	-	-	-	-	-
Mr S Wong	-	-	-	-	-	-	-
<b>Total</b>	<b>6,000,000</b>	<b>-</b>	<b>(6,000,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**6. DIRECTORS' AND EXECUTIVES' REMUNERATION  
(Continued)**

**(g) Shareholdings**

Number of Shares held by Parent Entity Directors

	Balance 1.7.04	Received as Remuneration	Options Exercised	Net Change Other	Balance 30.6.05
Parent Entity Directors					
Mr PB Chen	4,805,832	48,000	-	(4,177,832)	676,000
Mr NJ Lockyer	82,000	24,000	-	-	106,000
Mr PA Little	100,000	14,000	-	-	114,000
Mr S Wong	-	-	-	200,000	200,000
<b>Total</b>	<b>4,987,832</b>	<b>86,000</b>	<b>-</b>	<b>(3,977,832)</b>	<b>1,096,000</b>

**(h) Remuneration Practices**

The company's policy for determining the nature and amount of emoluments of board members and senior executives of the company is as follows:

The remuneration structure for directors, including executive directors, is based on a number of factors, including length of service, attendance at board meetings, particular experience of the individual concerned and the overall performance of the company. The contracts for service between the company and specified directors are on a continuing basis the terms of which are not expected to change in the immediate future. No post employment benefits are payable upon the retirement of directors.

Cash bonus reward schemes are not offered to directors or executives.

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	NOTE	Consolidated		Parent Entity	
		2005	2004	2005	2004
		\$	\$	\$	\$
<b>7. OTHER CURRENT ASSETS</b>					
Security deposit		-	750	-	750
GST recoverable		771	-	771	-
		<u>771</u>	<u>750</u>	<u>771</u>	<u>750</u>
		=====	=====	=====	=====
<b>8. OTHER FINANCIAL ASSETS</b>					
<b>Available-for-sale. assets</b>					
<b>Current:</b>					
Contrabart Trade Exchange Dollars		2,541,000	2,541,000	2,541,000	2,541,000
Provision for Diminution		(2,540,998)	(2,540,998)	(2,540,998)	(2,540,998)
		<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Due from director related entity		19,968	479	19,968	-
Provision for Diminution		-	10,601	-	10,601
		<u>19,970</u>	<u>11,082</u>	<u>19,970</u>	<u>22,999</u>
		=====	=====	=====	=====
<b>Non Current:</b>					
Investments in un-listed controlled entities		-	-	-	25,275
Provision for Diminution		-	-	-	(25,275)
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment in unit trusts	9(a)	10,400	9,684	10,400	2,000
		<u>10,400</u>	<u>9,684</u>	<u>10,400</u>	<u>2,000</u>
		=====	=====	=====	=====

Available-for-sale financial assets comprise investments in various entities and Contrabart Trade Exchange dollars. There are no fixed returns or fixed maturity dates attached to these investments.

The fair value of unlisted available-for-sale financial assets cannot be reliably measured as variability in the range of reasonable fair value estimates is significant. As a result the value is reflected at cost less any provision for known diminution in value. Management has determined that the estimate of total consolidated fair values for the unit trust investments would be within the range of \$810,400 to \$10,400 at 30 June 2005. Unlisted available-for-sale assets exist within active markets and could be disposed of if required.

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<b>Consolidated</b>		<b>Parent Entity</b>	
<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
\$	\$	\$	\$

**9. ASSOCIATED ENTITIES**

Financial statements as at 30 June 2005 have not been prepared for the associated unit trust entities. The directors of the Trustee company, Tasmania Developments Pty Ltd, have provided written confirmation that the unit trusts have not earned revenue or incurred any expenditure during the year and have no recorded assets and liabilities as at 30 June 2005. All transaction costs to date relating to review of potential property investments has been incurred by the Trustee on behalf of the trusts.

Accordingly there has been no application of the equity method of accounting to determine an appropriate share of the associates profits, losses, assets or liabilities as at 30 June 2005 as required by Australian Accounting Standard AASB 128 "Investments in Associates".

**(a) Investments accounted for using the Equity Method.**

Associated unit trusts	10,400	9,684	10,400	-
	=====	=====	=====	=====

**(b) Associated Entities**

Interests is held in the following associated entities.

<b>Name</b>	<b>Principle Activities</b>	<b>Ownership Interest</b>		<b>Carrying Amount of Investment</b>	
		<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
		%	%	\$	\$
Uni Village Unit Trust					
(Formerly CWT Property Trust No.1)	Property Development	40	40	2,000	2000
Huonville Unit Trust	Property Development	40	-	4,000	-
Legana Unit Trust	Property Development	40	-	400	-
Ming Village Unit Trust	Property Development	40	-	4,000	-
				=====	=====
				10,400	2,000

**(c) Movements during the year in equity accounted investments in associated entities.**

	2005	2004
	\$	\$
Balance at beginning of financial year	2,000	-
Add new investments during the year:	8,400	2,000
Share of associated company profit from Ordinary activities after tax	-	7,684
	=====	=====
Balance at end of financial year	10,400	9,684

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9. ASSOCIATED ENTITIES (Continued)	Consolidated	
	2005	2004
	\$	\$
<b>(d) Retained earnings attributable to associated entities</b>		
Share of associated profit from ordinary Activities before income tax expense	-	7,684
Share of associated company income tax Expense	-	-
	-	7,684
Share of associated profit from ordinary Activities after income tax expense	-	7,684
Share of retained profits at beginning of Financial year	-	-
	-	-
Share of retained profits at end of Financial year	-	7,684
	-	7,684
<b>(e) Summarised presentation of Aggregate Assets, Liabilities and Performance of Associate.</b>		
Current assets	-	34,689
Non current assets	-	-
	-	34,689
Total assets	-	34,689
Current liabilities	-	10,479
Non current liabilities	-	-
	-	10,479
Total liabilities	-	10,479
Net assets	-	24,210
Net profit from ordinary activities after income Tax from associates	-	7,684
	-	7,684

**(f) Acquisitions made during the financial year:**

- 40% of the Hounville Unit Trust was acquired during the year. Sabina Corporation Limited paid for the initial acquisition of 4,000 units via a loan account with the corporate Trustee. The additional 400,000 units were later acquired by bonus issue for nil consideration
- 40% of the Legana Unit Trust was acquired during the year for cash consideration.
- 40% of the Ming Village Unit Trust was acquired during the year. Sabina Corporation Limited paid for the acquisition of 4,000 units via its loan account with the corporate Trustee.
- On 30 June 2005 800,000 additional bonus units in the Uni Village Unit Trust were acquired for nil consideration.

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	NOTE	Consolidated		Parent Entity	
		2005	2004	2005	2004
		\$	\$	\$	\$
<b>10. PROPERTY, PLANT &amp; EQUIPMENT</b>					
Plant & Equipment at cost		17,462	13,179	17,462	13,179
Accumulated Depreciation		(9,640)	(5,257)	(9,640)	(5,257)
		<u>7,822</u>	<u>7,922</u>	<u>7,822</u>	<u>7,922</u>
Plant & Equipment under finance lease		53,576	53,576	53,576	53,576
Accumulated Amortisation		(28,797)	(17,203)	(28,797)	(17,203)
		<u>24,779</u>	<u>36,373</u>	<u>24,779</u>	<u>36,373</u>
Total Property, Plant and Equipment		<u>32,601</u>	<u>44,295</u>	<u>32,601</u>	<u>44,295</u>
		=====	=====	=====	=====
Plant & Equipment:					
<i>Movements during year:</i>					
Beginning of the year:		7,922	7,922	7,922	7,922
Additions		4,283	-	4,283	-
Disposals		-	-	-	-
Depreciation		(4,383)	-	(4,383)	-
Balance at close of the year:		<u>7,822</u>	<u>7,922</u>	<u>7,822</u>	<u>7,922</u>
		-----	-----	-----	-----
Plant & Equipment under finance lease:					
<i>Movements during year:</i>					
Beginning of the year:		36,373	47,088	36,373	47,088
Additions		-	-	-	-
Disposals		-	-	-	-
Depreciation		(11,594)	(10,715)	(11,594)	(10,715)
Balance at close of the year		<u>24,779</u>	<u>36,373</u>	<u>24,779</u>	<u>36,373</u>
		-----	-----	-----	-----

Impairment losses recognised in the income statement during the year amount to \$nil.

The recoverable amount of the cash generated has been determined to be its fair value less costs to sell. The fair value was determined with reference to an active market, where the market price of similar equipment and of a similar age was used as a benchmark.

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	NOTE	Consolidated		Parent Entity	
		2005	2004	2005	2004
		\$	\$	\$	\$
<b>11. PAYABLES</b>					
<b>CURRENT</b>					
Current trade accounts payable and accruals (unsecured)		15,031	30,316	15,031	30,316
GST payable		-	15,218	-	15,218
Non-trade accounts payable (unsecured)					
- associated entities		9,558	18,528	9,558	18,528
- director related entities		35,600	214,653	35,600	214,653
		<u>60,189</u>	<u>278,715</u>	<u>60,189</u>	<u>278,715</u>
		=====	=====	=====	=====

**12. INTEREST BEARING LIABILITIES**

Current:

Finance Lease liability- secured	6,023	6,023	6,023	6,023
	=====	=====	=====	=====

Non-Current:

Finance Lease liability- secured	32,158	38,182	32,158	38,182
	=====	=====	=====	=====

Details of Security

The respective leased asset secures finance lease liability.

**13. ISSUED CAPITAL**

	2005	2004	2005	2004
	No.	No.	\$	\$
<u>Issued Shares</u>				
Fully paid ordinary shares	<u>14,312,578</u>	<u>13,014,578</u>	<u>7,477,815</u>	<u>7,172,915</u>
Shares on issue at beginning of year	13,014,578	12,894,578	7,172,915	7,142,915
<u>Shares issued during the year</u>				
Issued on 31/12/04 issued at 5 cents to directors in lieu of Directors Fees	98,000	-	4,900	-
Issued on 31/12/04 issued at 25 cents for cash consideration	1,000,000	-	250,000	-
Issued on 27/5/05 issued at 25 cents to a director related entity for cash consideration	200,000	120,000	50,000	30,000
Transaction costs arising on issue of shares			-	-
	<u>14,312,578</u>	<u>13,014,578</u>	<u>7,477,815</u>	<u>7,172,915</u>
	=====	=====	=====	=====

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NOTE	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$

**13. ISSUED CAPITAL (continued)**

Fully paid ordinary shares carry the right to one vote at a meeting of the company. Shareholders also have the right to receive dividends as declared and to participate in the proceeds from sale of all surplus assets in proportion to the total shares issued in the event of the company winding up.

	Number of Options	
	2005	2004
<u>Ordinary Shares reserved for issue under options:</u>		
20 cent ordinary shares exercisable for issue at \$1 on or before 30 June 2005		
On issue at beginning of year	-	6,000,000
Expired during the year	<u>6,000,000</u>	<u>-</u>
On issue at end of year	<u>-</u>	<u>6,000,000</u>
\$1 ordinary shares exercisable at 25 cents on or before 22 October 2005		
On issue at beginning of year-	-	-
Issued during the year	4,000,000	-
Granted	<u>(1,000,000)</u>	<u>-</u>
On issue at end of year	<u>3,000,000</u>	<u>-</u>

**14. ACCUMULATED LOSSES**

Accumulated losses

Balance at beginning of year	(7,233,165)	(7,073,772)	(7,233,165)	(7,106,459)
Net profit/(loss) attributable to the members of the parent entity	(231,660)	(90,219)	(231,660)	(123,988)
Increase in accumulated loss upon sale of controlled entities	2,719	(69,174)	2719	-
Balance at end of year	<u>(7,462,106)</u>	<u>(7,233,165)</u>	<u>(7,462,106)</u>	<u>(7,230,447)</u>
	=====	=====	=====	=====

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	NOTE	Consolidated		Parent Entity	
		2005	2004	2005	2004
		\$	\$	\$	\$
<b>15. EARNINGS PER SHARE</b>					
a)	Reconciliation of Earnings to Loss				
	Loss	(228,941)	(148,028)		
	Loss attributable to minority interest	-	(9,365)		
	Earnings used to calculate basic EPS	<u>(228,941)</u>	<u>(159,393)</u>		
	Earnings used to calculate diluted EPS	(228,941)	(159,393)		
b)	Reconciliation of Earnings to Loss from Continuing Operations				
	Loss	(231,660)	(80,854)		
	Loss attributable to minority interest	-	(9,365)		
	Earnings used to calculate basic EPS	<u>(231,660)</u>	<u>(90,219)</u>		
	Earnings used to calculate diluted EPS	(231,660)	(90,219)		
c)	Reconciliation of Earnings to Loss from Discontinuing Options				
	Loss	2,719	(67,174)		
	Loss attributable to minority interest	-	-		
	Earnings used to calculate basic EPS	<u>2,719</u>	<u>(67,174)</u>		

**SABINA CORPORATION LIMITED**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

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**15. EARNINGS PER SHARE continued**

- d) Weighted Average number of ordinary shares outstanding during the year used in calculating basic EPS

	<u>Number of shares</u>	
Weighted average number of ordinary shares used in calculating basic earnings per share	13,580,245	12,964,274
Weighted average number of shares and potential ordinary number of shares used in calculating diluted earnings per share	13,590,245	12,975,234
Potential ordinary shares that are not dilutive and not used in the calculation of diluted earnings per share	-	6,000,000
Potential ordinary shares that are dilutive and are used in the calculation of diluted earnings per share	3,000,000	4,000,000

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	\$	\$	\$	\$
Basic Earnings per Share	(0.017) cents	(0.006)cents	(0.017) cents	(0.01)cents
Diluted earnings per share	(0.017) cents	(0.006)cents	(0.017) cents	(0.01)cents

- e) Diluted EPS is not reflected for discontinuing operations as the result is anti-dilute in nature.

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**FOR THE YEAR ENDED 30 JUNE 2005**

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	\$	\$	\$	\$
<b>16. AUDITORS' REMUNERATION</b>				
Auditor of parent entity (Previous auditor)				
Audit and review of financial reports	12,000	-	12,000	-
Other services	-	-	-	-
	<u>12,000</u>	<u>-</u>	<u>12,000</u>	<u>-</u>
	=====	=====	=====	=====
Auditor of parent entity (Current auditor)				
Audit and review of financial reports	18,269	16,679	18,269	16,679
Other services – adhoc financial advice	2,821	2,000	2,821	2,000
	<u>21,090</u>	<u>18,679</u>	<u>21,090</u>	<u>18,679</u>
	=====	=====	=====	=====

**17. ULTIMATE PARENT ENTITY**

The ultimate parent entity is Sabina Corporation Limited. Since July 2004 Sabina Corporation Limited has not had controlled entities.

**18. CONTROLLED ENTITIES**

<u>Controlled Entities of Sabina Corporation Limited</u>	<u>Country of Incorporation</u>	<u>Percentage of Shares Held</u>	
		2005	2004
CWTA Nominees Pty Ltd	Australia	-	87.5%

In December 2004, the parent entity disposed of its 87.5% interest in CWTA Nominees Pty Ltd. An operating profit of \$2,719 after income tax was attributable to the members of the parent entity from the disposal. The controlled entity was dormant from 1 July 2004 until date of disposal.

**SABINA CORPORATION LIMITED**  
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**FOR THE YEAR ENDED 30 JUNE 2005**

**19. SEGMENT INFORMATION**

***Geographical Segments***

The consolidated entity operates predominantly in one geographical segment, being Australia.

***Business Segments***

The consolidated entity operates predominantly in one business segments; Property Rental and Development.

**A statement of operations of business segments for the year ended 30 June 2005 is as follows:**

<b>BUSINESS SEGMENTS</b>	<b>2005</b>	<b>Property Rental &amp; Development 2004</b>
<b><i>Revenue</i></b>		
Sales to customers outside the consolidated entity	17,903	321,902
Intersegment sales	-	-
Total Segment Revenue	<u>17,903</u>	<u>321,902</u>
Other revenue -interest	2,427	-
Total Revenue (note 3)	<u>20,330</u>	<u>321,902</u>
<b><i>Result</i></b>		
Segment Result	(231,660)	(78,854)
<b><i>Assets</i></b>		
Segment assets & Consolidated total assets	114,079	261,155
<b><i>Liabilities</i></b>		
Segment liabilities & Consolidated total liabilities	98,370	322,920
<b><i>Other Information</i></b>		
Depreciation	4,383	2,204
Amortisation	11,594	10,715
Acquisition of non-current assets	4,283	7,410
Investments accounted for using Equity method	10,400	9,684

**SABINA CORPORATION LIMITED**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**20. RELATED PARTY TRANSACTIONS**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

2005	2004
\$	\$

**Parent Entity**

As at 30 June 2005 the following amounts were owed to the parent entity by controlled entities.

CWTA Nominees Pty Ltd	-	12,396
	-	12,396
Provision for doubtful debts	-	-
	-	12,396
	-	12,396

**Associated Entity**

As at 30 June 2005 the following amounts were owed by the parent entity to associated entities.

Uni Village Unit Trust (Formerly China World Property Trust No. 1)	-	18,528
	-	18,528

**Directors and director related entities**

As at 30 June 2005 the following amounts were owed by/(due to) the parent entity to the following director related entities:

Mr PB Chen, a director of the parent entity, had an interest in each of the following entities during the 2005 financial year:

G8 Management Pty Ltd	(9,558)	110,603
Churchill Nominees Australia Pty Ltd as trustee for		
The Mandarin Paradise Trust	-	104,050
Tasmanian Development Corporation Pty Ltd	19,968	-
	10,410	214,653
	10,410	214,653

**SABINA CORPORATION LIMITED**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

**20. RELATED PARTY TRANSACTIONS (continued)**

Aggregate Shares held by directors or any of their related entities in Sabina Corporation Limited:

	<b>2005</b>	<b>2004</b>
	<b>#</b>	<b>#</b>
Ordinary Shares	1,096,000	4,987,832

Aggregate Shares acquired or disposed by directors or any of their related entities in Sabina Corporation Limited:

	<b>2005</b>	<b>2004</b>
	<b>#</b>	<b>#</b>
Ordinary shares acquired	286,000	120,000
Ordinary shares disposed	-	-

**21. FINANCIAL INSTRUMENTS**

The entity manages its exposure to interest rate fluctuations through a formal set of policies and procedures approved by the board. The consolidated entity does not engage in any significant transactions that are speculative in nature. Liquidity risk is reduced by financial support from the entities major shareholder.

Exposures of the consolidated entity to interest rate risk on financial assets and liabilities are summarised as follows:

<u>2005</u>	Fixed Interest Rate Maturing					
	Non- Interest Bearing	1 Year or Less	1 to 5 Years	Floating Interest Rate	Total	Weighted average effective interest Rate
	\$	\$	\$	\$	\$	
Financial Assets:						
Cash	-	-	-	50,337	50,337	0.2%
Contrabart Notes	2	-	-	-	2	-
	<u>2</u>	<u>-</u>	<u>-</u>	<u>50,337</u>	<u>50,339</u>	
Financial Liabilities:						
Trade accounts payable	60,189	-	-	-	60,189	-
Interest bearing liabilities	-	6,023	32,158	-	38,181	8.2%
	<u>60,189</u>	<u>6,023</u>	<u>32,158</u>	<u>-</u>	<u>98,370</u>	
Net Financial Assets/(Liabilities)	<u>(60,187)</u>	<u>(6,023)</u>	<u>(32,158)</u>	<u>50,337</u>	<u>(48,031)</u>	

**SABINA CORPORATION LIMITED**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2004**

**21. FINANCIAL INSTRUMENTS (Continued)**

2004	Fixed Interest Rate					
	Non- Interest Bearing \$	Maturing		Floating Interest Rate \$	Total \$	Weighted average effective interest Rate
		1 Year or Less \$	1 to 5 Years \$			
Financial Assets:						
Cash	-	-	-	195,344	195,344	0.2%
Contrabart Notes	2	-	-	-	2	-
	<u>2</u>	<u>-</u>	<u>-</u>	<u>195,344</u>	<u>195,346</u>	
Financial Liabilities:						
Trade accounts payable	278,715	-	-	-	278,715	-
Interest bearing liabilities	-	6,023	38,182	-	44,205	8.2%
	<u>278,715</u>	<u>6,023</u>	<u>38,182</u>	<u>-</u>	<u>322,920</u>	
Net Financial Assets/(Liabilities)	(278,713)	(6,023)	(38,182)	195,344	(127,574)	
	=====	=====	=====	=====	=====	

**22. FINANCING ARRANGEMENTS**

	2005		2004	
Summary of loan facilities	Used \$	Unused \$	Used \$	Unused \$
<i>Consolidated</i>				
Finance lease liability	38,181	-	44,205	-
<i>Parent Entity</i>				
Finance lease liability	38,181	-	44,205	-

**Loan Facilities**

**Finance Lease Liabilities**

AGC bankers have provided finance leases to acquire plant and equipment.

**SABINA CORPORATION LIMITED**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

**23. NOTES TO STATEMENTS OF CASH FLOWS**

- (i) For the purposes of the Statements of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the year as shown in the Statements of Cash Flow, is reconciled to the related items in the Statements of Financial Position as follows:

NOTE	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Cash at Bank	50,337	195,344	50,337	195,344
	=====	=====	=====	=====

**(ii) Reconciliation of net cash provided by operating activities to loss from ordinary activities after income tax**

Loss from ordinary activities after income tax	(231,660)	(88,219)	(231,660)	(123,988)
Add back/(Subtract) the non-cash items				
Depreciation of plant & equipment	4,383	2,204	4,383	2,204
Amortisation of intangibles	11,594	10,715	11,594	10,715
Write back of deferred expenses	-	18,736	-	77,043
Loss on sale of inventory	-	3,729	-	-
Bad debt write off	-	(87,822)	-	(87,822)
Non Cash transaction -expenditure satisfied by issue of shares/proposed issued of shares	35,600	54,500	35,600	54,500
Investment in associated company	8,400	11,684	8,400	-
Changes in assets and liabilities				
Trade creditors	15,285	(112,393)	15,285	(94,326)
Other current assets	(21)	(11,081)	(21)	(22,998)
Payables-related parties	10,150	(28,947)	10,150	(29,267)
GST clearing	(15,218)	15,218	(15,218)	15,218
	(161,487)	(211,676)	(161,487)	(198,721)
	=====	=====	=====	=====

**(iii) Non Cash Financing and Investing Activities**

During the financial year, the consolidated entity acquired property, plant and equipment with an aggregate fair value of \$nil by means of finance leases.

98,000 ordinary shares were issued during the year at a price of 5 cents per share in lieu of services rendered. These shares are valued at \$4,900.

**(iv) Disposal of Controlled Entity**

During the year, the controlled entity CWTA Nominees Pty Ltd. was sold for nil consideration. The subsidiary was dormant. Non-cash profit on disposal was \$2,719.

The above transactions are not reflected in Statement of Cashflows.

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NOTE	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
<b>24. COMMITMENTS FOR EXPENDITURE</b>				
<b><u>Operating leases</u></b>				
Minimum lease payments under non-cancellable operating leases according to the time expected to elapse to the expected date of payment.				
Not later than one year	-	13,000	-	13,000
Later than one year and not later than five years	-	-	-	-
	-----	-----	-----	-----
	-	13,000	-	13,000
	=====	=====	=====	=====
<b><u>Finance Leases</u></b>				
The consolidated entity has acquired one motor vehicle by means of finance lease. The lease term is 5 years.				
Current lease liability (Note I 1 (i))	6,023	6,023	6,023	6,023
Non-current lease liability (Note 11 (ii))	32,158	38,182	32,158	38,182
	-----	-----	-----	-----
	38,181	44,205	38,181	44,205
	=====	=====	=====	=====
<b><u>Time expected to elapse to expected date of payment</u></b>				
Reconciliation of lease commitments to the carrying amount of lease liabilities:	Not later than 1 year	Later than 1 year but not later than 5 years	Total	
<i>Consolidated: 2005</i>				
Minimum lease commitments	9,425	35,412	44,837	
Future finance charges	(3,402)	(3,254)	(6,656)	
	-----	-----	-----	
Present value of minimum lease liabilities	6,023	32,158	38,181	
<i>Consolidated: 2004</i>				
Minimum lease commitments	14,953	42,398	57,351	
Future finance charges	(8,930)	(4,216)	(13,146)	
	-----	-----	-----	
Present value of minimum lease liabilities	6,023	38,182	44,205	

**SABINA CORPORATION LIMITED**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2004**

**25. CORPORATE INFORMATION**

Sabina Corporation Limited is a listed public company incorporated in Australia with its registered office at Level 18, 300 Adelaide Street Brisbane and principal place of business at 39 Woody Views Way, Robina Queensland. The principal activities of the company are disclosed in the directors' report. There were nil employees employed by the consolidated entity during the period ended 30 June 2005 (2004: one).

**26. SHARE BASED PAYMENTS**

During the year ended 30 June 2005 98,000 ordinary shares were acquired by directors at market value of 5 cents per share in lieu of directors fees.

No share options have been granted to directors.

**27. CHANGE IN ACCOUNTING POLICY**

The group has adopted the following accounting standards for application on or after 1 January 2004:

- AASB 132: Financial Instruments: Disclosure and Presentation; and
- AASB 139: Financial Instruments: Recognition and Measurement.

The changes resulting from the adoption of AASB 132 relate primarily to increased disclosures required under the standard and do not affect the value of amounts reported in the financial statements.

The adoption of AASB 139 has not resulted in material differences in the recognition and measurement of the groups financial instruments.

**28. GOING CONCERN**

The financial report has been prepared on the going concern basis, because in the opinion of the directors, the company will be able to pay its debts as and when they fall due over the period of the next twelve months.

The economic entity has incurred losses from ordinary operations in 2005 and 2004. In addition it has a continuing agreement with G8 Management Pty Ltd for consulting services and a lease with Mr P B Chen for commitment over a vehicle. The excess of liquid assets over current liabilities is not sufficient to discharge these commitments without an inflow of funds from capital raising or loans.

G8 Management Pty Ltd has pledged financial support for \$250,000 and/or a \$715,000 collateral security for the next year for any additional working capital needs. G8 Management Pty Ltd has expressed a willingness to convert the loans to equity should the opportunity to do so becomes available.

**INDEPENDENT AUDIT REPORT**  
**TO THE MEMBERS OF**  
**SABINA CORPORATION LIMITED**  
**ABN 67 010 723 181**

**Scope**

*The financial report and directors' responsibility*

The financial report comprises the Income Statement, Balance Sheet, Statement of Changes in Equity, Cashflow Statement, accompanying notes to the financial statements, and the directors' declaration for both Sabina Corporation Limited (the company) and Sabina Corporation Limited (the consolidated entity), for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

*Audit approach*

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We have performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

**Independence**

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditors independence declaration as set out on page 14 of the financial report has not changed as at the date of providing our audit opinion.

## **Qualification**

The directors of Sabina Corporation Limited have not provided financial statements as at 30 June 2005 for the associated unit trust entities listed in Note 9 of the financial statements. The directors of the Trustee company, Tasmania Development Corporation Pty Ltd, have provided us with written confirmation that the unit trusts have not earned revenue or incurred any expenditure during the year and have no recorded assets and liabilities as at 30 June 2005. All transaction costs to date relating to review of potential property investments has been incurred by the Trustee on behalf of the trusts.

The value of Sabina Corporations investment in the unit trusts as at 30 June 2004 is \$10,400. We are unable to apply the equity method of accounting to determine an appropriate share of the associates profits, losses, assets or liabilities as at 30 June 2005 as required by Australian Accounting Standard AASB 128 "Investments in Associates".

## **Audit opinion**

In our opinion, except for the effects on the financial report of the matter referred to in the qualification paragraph, the financial report of Sabina Corporation Limited is in accordance with:

(a) The Corporations Act 2001, including:

- (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2005 and of their performance for the year ended on that date; and
- (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

## **Inherent uncertainty Regarding Going Concern**

The accounts of the entity have been prepared on a going-concern basis which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The entity achieved an operating loss for the year of \$231,660. Current assets exceed current liabilities by only \$15,709. At 30 June 2003 Sabina Corporation Limited and controlled entities had accumulated losses totalling \$7,462,106

The entity's ability to continue operations and meet its debts as and when they fall due is dependent upon financial support pledged from a related party G8 Management Pty Ltd and future events, which are inherently uncertain. If the company is unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial statements.

Whitehills Business Advisers  
Chartered Accountants

Craig Whitehill

Dated at Brisbane this 25<sup>th</sup> Day of August 2005

**SABINA CORPORATION LIMITED**  
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**SHAREHOLDERS INFORMATION**

Distribution of Listed Shares as at 30<sup>th</sup> June 2005.

<b>Ordinary Shares</b>	<b>Shares</b>	<b>Shareholder Numbers</b>
1 - 1,000	38 405	63
1,001 - 5,000	837,490	400
5,001 - 10,000	148 500	17
10,001 – 100,000	1,983,476	48
100,001 - over	11,304,707	23
	<b>14,312,578</b>	
	=====	

There are 472 shareholders who hold less than a marketable parcel of ordinary shares in the company. The 20 largest shareholders hold 77.11% of the ordinary shares issued in the company.

**Voting Rights**

Ordinary shares carry voting rights of one vote per share.

**Twenty Largest Shareholders**

The names of the 20 largest holders of ordinary shares as at 30 June 2005 are listed below:

<b>Name</b>	<b>No. of Ordinary Shares Held</b>	<b>% of Issued Share Capital</b>
Churchill Nominees Australia Pty Ltd	5,177,832	36.18%
Girvy Holdings Pty Ltd	697,000	4.87%
Mr Peter Benjamin Chen	676,000	4.83%
Seacatch Australia Pty Ltd	480,000	3.35%
Fuhua Investment (Aust) Pty Ltd	449,500	3.14%
Mrs Liliana Teofilova	421,000	2.94%
Ms Joo Hua Ong	350,000	2.45%
Mr Wei Leng Ong	350,000	2.45%
R D & M J Tilby	350,000	2.45%
Educorp (Aust) Pty Limited	334,975	2.34%
Henry (Aust) International Trading Pty Ltd	250,000	1.75%
Dr Francis C K Chen	200,000	1.40%
SY Developments Pty Ltd	200,000	1.4%
Ms Corina Claire Chen	195,000	1.36%
Mrs Claire Ong	195,000	1.36%
Mr Bernard Seeto	156,800	1.10%
Imperial Investments Pty Ltd	150,000	1.05%
Mr Graham Frederick Ellwood	148,000	1.03%
Ms Carole Christine Rowan	145,000	1.01%
JG & GA Ising	111,000	0.78%
	-----	-----
<b>TOTAL</b>	<b>11,037,107</b>	<b>77.11%</b>

**SABINA CORPORATION LIMITED**  
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**Company Secretary**

The name of the company secretary is Mr. PB Chen.

**Share Registry**

Computershare Investor Services Pty Limited  
Level 32, Central Plaza One  
345 Queen Street  
BRISBANE QLD 4000  
PH (07) 3237 2100  
Fax (07) 3229 9860

**Substantial Shareholder as at 30 June 2005**

Churchill Nominees Australia Pty Ltd  
(As Trustee for the Mandarin Paradise Trust).      5,177,832

**Shares in the Company in which Directors have a relevant interest as at 30 June 2005**

Mr PB Chen	676,000
Mr NJ Lockyer	106,000
Mr PA Little	114,000
Mr S Wong	200,000

**Restricted Securities**

There are no restrictions on securities.

**Current On-market Buy Back**

There is no current on-market buy-back in place.

**Stock Exchange Listing**

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Limited.

**Auditors**

**Whitehills Business Advisers and Chartered Accountants**

Level 18, 300 Adelaide Street  
Brisbane Qld 4001

**Solicitors**

**McCullough Robertson** Level 12 Central Plaza 2 66 Eagle Street BRISBANE QLD 4000